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**BRIAN C. McNEIL**  
Executive Director

Direct Line: (602) 542-4143  
Fax: (602) 542-0765  
E-mail: [kmayes@azcc.gov](mailto:kmayes@azcc.gov)

February 6, 2006

Mr. Richard Silverman  
General Manager  
Salt River Project  
1521 N. Project Drive  
Tempe, AZ 85281-1298

**Re: SRP's expansion of its distributed solar energy program**

Dear Mr. Silverman:

I was very pleased to hear that today SRP management approved \$3.85 million for residential and commercial solar projects. In a single stroke, SRP has more than tripled its funding for distributed solar projects. This new investment puts SRP on par with the Arizona Public Service solar incentive mandated by the Arizona Corporation Commission and will help to further develop solar energy in Arizona. This move should also help keep Arizona competitive with states like California and New Jersey, both of which have recently dramatically escalated funding for renewable energy.

The \$3.85 million solar incentive is important for many reasons. It comes at a time of increasing energy prices for both investor-owned and public power utilities, and on the heels of the Federal Energy Policy Act of 2005, which included generous tax deductions for solar power. It also comes at a time when renewable energy is becoming more economical for homeowners and businesses alike.

As you know, the Commission is taking up changes to our existing Environmental Portfolio Standard, in which we will require our state's regulated utilities to generate 15% of their power from renewable resources by 2025. It is my hope that the Commission will vote on these rules in March. This too will be an important step toward increasing renewable energy throughout Arizona.

Once again, congratulations on expeditiously moving forward with the implementation of the \$3.85 million solar incentive.